

Message Text

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PAGE 01 TANANA 00615 041539Z
ACTION STR-04

INFO OCT-01 AF-08 ISO-00 EB-08 AGRE-00 COME-00 TRSE-00
CIAE-00 INR-07 NSAE-00 AID-05 ITC-01 /034 W
-----041940Z 053182 /40

R 041306Z APR 77
FM AMEMBASSY TANANARIVE
TO SECSTATE WASHDC 9067

UNCLAS TANANARIVE 0615

E.O. 11652: N/A
TAGS: ETRD, EAGR, MA
SUBJECT: REQUEST FOR SUGAR DATA

REF: STATE 66941

1. INFORMATION IN PARAS 2-6 BELOW KEYED TO QUESTIONS REFTEL.
2. WELL INFORMED SOURCE INFORMS EMBASSY THAT AVERAGE PRODUCTION COSTS ARE ABOUT 9.5 CENTS PER POUND, BUT THAT CURRENT WHOLESALE PRICE TO MILLS (93PERCENT NATIONALIZED) IS ONLY ABOUT 6.8 CENTS PER POUND. NO FIGURES AVAILABLE FOR VARIABLE & FIXED COMPONENTS OF PRODUCTION COSTS.
3. GOVERNMENT SET PRICE TO FARMERS FOR CANE HAS FLUCTUATED WIDELY IN RECENT MONTHS. IN NOV 76 IT WAS REDUCED FROM 3300 FMG PER METRIC TON TO 2600 FMG PER TON, IN LATE JANUARY IT RAISED AGAIN TO 3600 FMG PER, BUT WELL INFORMED SOURCE (CITED PARA 2 ABOVE) BELIEVES IT WILL BE LOWERED AGAIN TO ABOUT 2650 FMG PER TON IN JUNE 1977. SUGAR RECOVERY FROM CANE IS ESTIMATED AT ABOUT 10PERCENT SO THAT PREDICTED PRICE OF 2650 FMG PER TON OF CANE WOULD EQUATE TO ABOUT 4.85 CENTS PER POUND. (248 FMG EQUALS APPROX. ONE DOLLAR). MECHANISM: PRICE TO SET BY GOVERNMENT & DEPENDS PRIMARILY ON EXPECTED DOMESTIC & EXPORT SALES PRICES. GOVERNMENT ALSO DETERMINES DOMESTIC WHOLESALE & RETAIL

UNCLASSIFIED

PAGE 02 TANANA 00615 041539Z

PRICE. AS CITED PARA TWO ABOVE, MILLS CURRENTLY OPERATING AT LOSS OF ABOUT 2.7 CENTS PER POUND OR ABOUT 4.5MILLION DOLLARS PER YEAR ON DOMESTIC CONSUMPTION OF 80,000 TONS. (TOTAL PRODUCTION IS ABOUT 110,000 TONS ANNUALLY.)

4. RETAIL CONSUMER PRICE IS 12.8 CENTS PER POAND FOR

REFINED AND 12.25 CENTS PER POUND FOR SEMI-REFINED.
HOWEVER, PRICE INCREASE TO 15.9 AND 15.5 CENTS PER POUND
WAS ANNOUNCED, AND THEN QUICKLY WITHDRAWN, SHORTLY BEFORE
RECENT LOCAL GOVERNMENT ELECTIONS. THIS PRICE INCREASE
WOULD HAVE ALLOWED MILLS TO BREAK EVEN (SEE PARAS 2 & 3
ABOVE) AND CYNICS BELIEVE THIS RETAIL PRICE INCREASE WILL
BE REINSTATED AFTER NATIONWIDE ELECTION PROCESS COMPLETED
IN JUNE.

5. AVERAGE UNIT EXPORT PRICE WAS 13.2 CENTS PER POUND IN
1975 AND 14.8 CENTS IN 1976.

6. PREFERENTIAL PRICE GRANTED BY E.E.C. TO MADAGASCAR FOR
10,000 TONS ANNUALLY IS 16.17 CENTS PER POUND. BARRETT

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Message Attributes

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Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Event:
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